

Community Development Commission

February 7, 2005

TO: Each Supervisor

FROM: Carlos Jackson, Executive Director



SUBJECT: PROPOSED CHANGES TO HOME OWNERSHIP PROGRAM (HOP)

As you know, the Commission administers the Home Ownership Program (HOP) and American Dream Downpayment Initiative (ADDI), which offer financial assistance to low-income, first-time homebuyers in purchasing a home in the Los Angeles County unincorporated areas and participating cities.

Currently, HOP offers down payment assistance of up to \$40,000 or 20% of the home purchase price, whichever is less, in non-target areas of unincorporated areas and participating cities; and \$50,000 or 25% of the home purchase price, whichever is less, in target areas of designated census tract areas. Combining this with ADDI which offers homebuyers downpayment and closing cost assistance for a maximum loan amount of \$10,000 or 6% of the purchase price; whichever is greater. Both of these loans are currently forgiven at the end of the life of the loan, which is typically 20 years.

Effective July 1, 2005, we propose to change the terms of the second trust deed loan program under HOP and ADDI from a forgivable loan to a loan that is due and payable at the time of sale, refinance, or transfer of title. Paying back the loan in full will allow the funds to return to the program to assist additional future first-time homebuyers. As you know, federal funds are decreasing and it is essential to recapture funds and at the same time provide an opportunity for home ownership.

Should you have any questions or comments, please call Taufiq K "Syed" Rushdy, Director of Housing Development and Preservation Division, at (323) 890-7230. Thank you.

CJ:TKSR/LJM

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